

Message Text

CONFIDENTIAL

PAGE 01 BOGOTA 11040 171518Z

42

ACTION ARA-10

INFO OCT-01 ISO-00 AS-01 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02 PRS-01

PA-01 NSC-05 SS-15 STR-04 CEA-01 /086 W

----- 044844

R 142159Z NOV 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 1925

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

C O N F I D E N T I A L BOGOTA 11040

E.O. 11652: GDS

TAGS: EFIN CO

SUBJECT: BANKING: FINANCE MINISTER TESTIFIES IN FAVOR OF BANK
NATIONALIZATION LAW

REF: BOGOTA 10690

SUMMARY. BOTH FINANCE MINISTER BOTERO AND REPRESENTATIVES OF
THE COLOMBIAN BANKS TESTIFIED BEFORE THE SENATE COMMISSION
THIS WEEK ON THE GOVERNMENT'S BILL TO COLOMBIANIZE FOREIGN
BANKS. BANKING SOURCES DOUBT THAT THE BILL WILL PASS IN ITS
PRESENT FORM. END SUMMARY

1. FINANCE MINISTER RODRIGO BOTERO APPEARED BEFORE THE THIRD
COMMISSION OF THE SENATE ON WEDNESDAY IN SUPPORT OF THE GOVERN-
MENT INTRODUCED BILL REQUIRING COLOMBIANIZATION OF THE FOREIGN-
OWNED BANKS. COVERING MUCH THE SAME GROUND AS IN HIS PREVIOUS
STATEMENTS ON THE SUBJECT, BOTERO ARGUED THAT A) OVER THE
YEARS, SUCCESSIVE GOVERNMENT HAVE MAINTAINED A POLICY OF
COLOMBIAN CONTROL OVER KEY SECTORS OF THE ECONOMY, SUCH AS
PETROLEUM, MINING, OTHER NATURAL RESOURCES, PUBLIC UTILITIES
AND CERTAIN BASIC INDUSTRIES B) THE POLICY OF COLOM-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BOGOTA 11040 171518Z

BIAN CONTROL IN KEY SECTORS OF THE ECONOMY IS THE BEST

WAY FOR THE COUNTRY TO CONTINUE TO HAVE CORDIAL RELATIONS WITH THE INDUSTRIALIZED NATIONS C) THE FOREIGN BANKS ACCOUNT FOR CLOSE TO 11 PERCENT OF TOTAL CAPITAL INVESTMENT IN THE BANKING SECTOR, D) THE LAW IS DESIGNED TO SPELL OUT THE GROUND RULES CLEARLY AND TO AVOID CHANGES IN POLICY (RESTRICTIONS ON CAPITAL IMPORTS, ETC) WHICH HAD OCCURRED IN THE PAST, E) THE COLOMBIAN ECONOMY IS FULLY CAPABLE OF ABSORBING THE COSTS OF COLOMBIANIZATION, F) ALTHOUGH THE LAW MIGHT RESULT IN A GREATER CONCENTRATION OF POWER IN THE BANKING SECTORS, THIS FACTOR, IF IT BECAME A PROBLEM, COULD BE HANDLED "BETWEEN COLOMBIANS", PERHAPS IN THE FORM OF NEW ANTI-TRUST LEGISLATION. BOTERO URGED PROMPT PASSAGE OF THE BILL BY THE SENATE SO THAT IT COULD BE DEBATED AND PASSED IN THE CHAMBER BEFORE THE END OF THE CURRENT SESSION ON DEC 12.

2. WHILE THE GOVERNMENT'S BILL WOULD PERMIT FOREIGN BANKS TO RETAIN 49 PERCENT CONTROL SOME SENTIMENT EXISTS, AT LEAST IN THE SENATE, TO PRESS FOR LEGISLATION IN ACCORDANCE WITH DECISION 24 OF THE ANDEAN PACT WHICH CALLS FOR 80 PERCENT NATIONAL CAPITAL. SENATOR APOLINAR DIAZ CALLEJAS AND OTHER MEMBERS OF THE THIRD COMMISSION ARE REPORTED AS PLANNING TO INTRODUCE AMENDMENTS WHICH WOULD PERMIT A MAXIMUM OF 20 PERCENT FOREIGN OWNERSHIP. ACCORDING TO PRESS REPORTS, DIAZ CLAIMS THAT IT WOULD BE UNCONSTITUTIONAL TO PASS LEGISLATION CONFLICTING WITH COLOMBIA'S TREATY OBLIGATIONS UNDER THE AGREEMENT OF CARTAGENA.

3. REPRESENTATIVES OF THE COLOMBIAN BANKS HAVE ALSO APPEARED BEFORE THE THIRD COMMISSION. IN TESTIMONY YESTERDAY, BANKING ASSOCIATION PRESIDENT ARIAS ROBLEDON AND BANK OF BOGOTA PRESIDENT MEJIA SALAZAR OPPOSED THE GOVERNMENT BILL. ARIAS CALLED FOR THE COMMISSION TO CONSIDER A SERIES OF ALTERNATIVES INCLUDING A LONGER PERIOD IN WHICH TO COLOMBIANIZE OR PERMITTING THE FOREIGN BANKS TO MAINTAIN AGENCIES WHICH, WHILE NOT ACCEPTING LOCAL DEPOSITS, COULD ENGAGE IN A NUMBER OF OTHER ACTIVITIES. BOTH ARIAS AND MEJIA QUESTIONED THE STATISTICAL

CONFIDENTIAL

PAGE 03 BOGOTA 11040 171518Z

TICS PRESENTED BY SENATOR FERNANDEZ, THE BILL'S SPONSOR, WHICH PURPORT TO SHOW THAT FOREIGN BANKS ARE BECOMING AN INCREASINGLY INFLUENTIAL FACTOR IN THE BANKING SECTOR. MEJIA SALAZAR PROPOSED THAT THE COMMISSION SEEK ITS STATISTICAL DATA FROM MORE OBJECTIVE SOURCES, SUCH AS THE BANK OF THE REPUBLIC OR THE SUPERINTENDENCY OF BANKS. HE NOTED THAT THE FOREIGN BANKS HAD CONTRIBUTED TO THE EXPANSION OF THE COLOMBIAN ECONOMY AND EXPRESSED DOUBTS

THAT THE LOCAL CAPITAL MARKET WAS IN A POSITION TO PURCHASE 51 PERCENT OF THEIR EQUITY.

4. COMMENT. BEGIN CONFIDENTIAL. THE PROSPECTS FOR THE GOVERNMENT BILL WOULD APPEAR TO HAVE BEEN WEAKENED SUBSTANTIALLY BY THE FORCEFUL APPEARANCES OF ARIAS AND MEJIA. IN CONVERSATION WITH THE AMBASSADOR, MEJIA FRANKLY ADMITTED THAT, BY SUGGESTING THAT THE COMMISSION SEEK MORE DATA, HE AND OTHERS WERE ENGAGING IN DELAYING TACTIC IN AN EFFORT TO PREVENT THE BILL FROM COMING TO A VOTE DURING THIS SESSION. HE ADDED, HOWEVER, THAT THE COLOMBIAN CONGRESS IS KNOWN FOR RUSHING THROUGH LEGISLATION AT THE LAST MOMENT AND THAT IF THE GOVERNMENT MOBILIZES ITS FORCES PASSAGE OF THE BILL MIGHT INDEED TAKE PLACE. END CONFIDENTIAL.
VAKY

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, FOREIGN INVESTMENT, POLICIES, BANK NATIONALIZATION
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BOGOTA11040
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750400-0108
From: BOGOTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751143/aaaabmip.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BOGOTA 10690
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by KelleyW0>; APPROVED <19 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANKING: FINANCE MINISTER TESTIFIES IN FAVOR OF BANK NATIONALIZATION LAW
TAGS: EFIN, CO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006